

Low Income Housing Tax Credit

Cost Certification Format

Instructions for Completing Calculation of Eligible Low Income Credit Basis

- 1) Total Depreciable Costs – Acquisition credit equals the total building shell and rehabilitation credit equals the total rehabilitation/construction costs from the Schedule of Sources and Application Funds.
- 2) Less: Costs Allocated to Commercial Space – If any of the depreciable costs are attributable to commercial space, provide amount.
- 3) Total Depreciable Residential Costs – Represents item 1 minus item 2.
- 4) Less: 20% Historic Rehabilitation Credit Basis Reduction – item 3 minus site costs, personal property and new construction, multiplied by 20%
- 5) Less: Nonqualified Sources of Financing – These may include grants, tax exempt bond proceeds and federally subsidized debt. If a historic rehabilitation credit is being claimed, prorate the nonqualified sources of financing between the net rehabilitation basis and the corresponding basis reduction. Do likewise for commercial space.
- 6) Subtotal: Eligible Basis – Represents item 3 minus items 4 and 5.
- 7) Hard to Develop Area Multiplier – If property is located in a qualified census tract, the percentage equals 130%, otherwise 100%. Multiply the amount in the rehabilitation credit column by the percentage. Acquisition credit equals line 6.
- 8) Percentage Low Income – Represents the lesser of percentage of units or square feet occupied by low income tenants.
- 9) Percentage in step 8 multiplied by amount on line 7.

Instructions for Completing Schedule of Anticipated Receipts and Disbursements of development Funds

- 1) Per Cost Certification – Represents amounts carried forward from schedule of sources and application of funds.
- 2) Paid/Received to Date – Represents amounts actually paid or received through date of this report.
- 3) To be Paid/Received – Represents accounts payable/receivable and additional sources and uses yet to be expended. Should equal item 1 minus items 2.
- 4) Dates – Generally, this will represent future capital contribution installments. If developer overhead, fee or interest is paid from other than capital contributions then show that payment in a separate column. If the date is uncertain label the event. (ie, permanent closing, 95% occupancy, etc.) The sum of these columns should equal the amount in the To be Paid/Received column.
- 5) Total should equal the per cost certification column.
- 6) Sources – Represents the same sources shown on schedule of sources and application of funds.
- 7) Developer Overhead – Represents the same amount as shown on schedule of sources and application of funds.
- 8 & 9) Unrestricted Development Fees and Interest and Restricted development Fees – These two items added together represent the Development Fee and Interest amount shown on schedule of sources and application of funds.
 - a) Unrestricted Development Fee and Interest – Represents development fee and interest paid to developer with no restrictions placed on what the developer may do with the proceeds.
 - b) Restricted Development Fee – Represents development fee paid to the developer which is needed or required to be:
 - i) Loaned or contributed back to the property.
 - ii) Held in an escrow or reserve outside of the partnership.
 - iii) Paid from operating cash flow or proceeds from sale of property.

Instructions for Completing Uses of Development Overhead, Fee and Interest

- 1) Total Developer Overhead, Fee and Interest – Equals developer overhead and developer fee and interest from schedule of sources and application of funds.
- 2) Advanced to Partnership – Represents development fee proceeds loaned back into the partnership.
- 3) General Partner Capital Requirement – Represents development fee proceeds contributed back into the partnership.
- 4) Development Fee Note Paid from Operating Cash Flow and Residuals – Development fee expected to be paid from cash flow or sale proceeds.
- 5) 3rd Party Escrows – Represents development fee proceeds paid to developer but which the developer is required to hold as net worth escrow or as a reserve outside of partnership. The earliest allowable date that these funds can be released to the developer should also be indicated. If a phased release of funds is indicated by the escrow agreement, detail the conditions and/or release dates specified.
- 6) Total Restricted Development Fees – Represents the sum of items 2 through 5.
- 7) Total Unrestricted Funds to be Received by Developer – Item 1 minus item 6.

Department of Housing and Community Development
FINAL COST CERTIFICATION

Independent Auditors' Report

Owner's Name: XXXX

Project Name: XXXX

Project Number: DHCD # XX-XXX

We have audited the costs included in the accompanying Department of Housing and Community Development ("DHCD") Final Cost Certification (the "Final Cost Certification") of XXXX (the "Owner") for XXXX ("the Project") as of XXXX XX, 2001. The Final Cost Certification is the responsibility of the Owner/Owner's management. Our responsibility is to express an opinion on the Final Cost Certification based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Final Cost Certification is free of material misstatement. An audit included examining, on a test basis, evidence supporting the amounts and disclosures in the Final Cost Certification. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Final Cost Certification presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Final Cost Certification was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service, under the accrual method of accounting, and in conformity with the format and qualified allocation plan rules set by DHCD, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion the Final Cost Certification presents fairly, in all material respects, the actual costs and eligible basis of the Owner for the project as of XXXX XX, 2001, on the basis of accounting described above.

This report is intended solely for the information and use of management of the Owner and for the filing with DHCD and should not be used for any other purpose.

We have no financial interest in the Project other than in the practice of our profession.

City, State
XXXX XX, 2001

NOTE X – ANTICIPATED RECEIPTS AND RELATED DISBURSEMENTS OF DEVELOPMENT FUNDS

In accordance with obligations entered into between the developer, the investor limited partner(s) and the Partnership, the general partner believes that the following schedule depicts the anticipated receipts and related disbursements of development funds subsequent to the filed date of this report.

[Insert Schedule A Here]

NOTE Y – USES OF DEVELOPMENT FEE AND INTEREST

Pursuant to the Contract(s) entered into between the developer and.... (investor limited partner(s), general partners(s), partnership), the general partner believes that the following schedule depicts the required uses of the development fee and interest.

[Insert Schedule B Here]

NOTE Z – FINANCING

In addition to standard GAAP disclosures you must identify source of funding as well as if it was funded with federal funds.

